

***Amendment to McLeodUSA Contracts
Superseding Certain Compensation,
Interconnection and Trunking Provisions***

This Amendment is entered into by and between one or more of the following SBC Communications Inc. owned ILEC's (referred to herein both individually and collectively as "SBC-13STATE"):

Illinois Bell Telephone Company
Indiana Bell Telephone Company Incorporated
Michigan Bell Telephone Company
Nevada Bell Telephone Company
The Ohio Bell Telephone Company
Pacific Bell Telephone Company
The Southern New England Telephone Company
Southwestern Bell Telephone Company
Wisconsin Bell, Inc. d/b/a Ameritech Wisconsin,

on the one hand, and McLeodUSA Telecommunications Services, Inc. ("McLeodUSA"), and the following subsidiaries of McLeodUSA which have since been merged into, or transferred all customers to, McLeodUSA ("Subsidiaries"):

QST Communications, Inc
Consolidated Communications Telecom Services, Inc.
BRE Communications, L.L.C. (d/b/a Phone Michigan)
OCI of Wisconsin, Inc.
Caprock Communications Corp.

on the other hand, as of this ____day of March, 2001. By executing this Amendment, McLeodUSA represents and warrants that the Subsidiaries have in fact been merged into, or have transferred all customers to, McLeodUSA, although McLeodUSA operates in certain jurisdictions under interconnection agreements to which one or more of the Subsidiaries remain nominal parties. McLeodUSA hereby executes this Amendment on its own behalf and on the behalf of the above-named subsidiaries which may still exist.

1.0 Scope of Agreement and Lock In

1.1 This Amendment is applicable to this and any future Interconnection Agreement between SBC-13STATE and any of its affiliates or subsidiaries which are the Incumbent Local Exchange Carrier and McLeodUSA and any of its affiliates or subsidiaries which are a Certified Local Exchange Carrier in California, Nevada, Texas, Missouri, Oklahoma, Kansas, Arkansas, Illinois, Wisconsin, Michigan, Indiana, Ohio, or Connecticut (hereafter, the "Parties") through May 31, 2003, whether negotiated, arbitrated, or arrived at through the exercise of Section 252(i) "Most Favored Nation" ("MFN") rights.

1.2 Any inconsistencies between the provisions of this Amendment and other provisions of the current or future Interconnection Agreements through May 31, 2003, will be governed by the provisions of this Amendment unless this Amendment is specifically and expressly superseded by a future amendment between the Parties.

1.3 During the period from the Effective Date (as defined herein) through May 31, 2003, neither of the Parties will seek directly or indirectly to change the rates, terms, and conditions of this Amendment except as expressly set forth herein.

1.4 McLeodUSA hereby waives its section 252(i) MFN rights for any reciprocal compensation, points of interconnection or trunking requirements that are subject to this Amendment; provided, however, that if such other rates, terms, and conditions have been voluntarily agreed to by SBC or its Affiliates across the thirteen-state region as a whole, McLeodUSA may exercise its rights under section 252(i) to obtain the rates, terms, and conditions in their entirety governing reciprocal compensation, points of interconnection or trunking requirements to which SBC or its Affiliates have agreed. This waiver includes, but is not limited to any sale of McLeodUSA's assets, in which case McLeodUSA shall obtain the purchaser's agreement to be bound by the reciprocal compensation terms and conditions set forth herein, but only as to that portion of purchaser's operations resulting from the purchase of McLeodUSA.

1.5 During the period the Effective Date through May 31, 2003, and except as stated in Section 3.1(c) or in this Section 1.5, the Parties waive any rights they may have under any provisions regarding "Intervening Law," "Changes in Law," or any similar provision regarding changes in law set forth in the underlying Agreement with respect to any reciprocal compensation, points of interconnection or trunking requirements that are subject to this Amendment. Notwithstanding any other provision herein, all of the rates, terms, and conditions set forth in this Amendment shall remain fixed and binding on the Parties through May 31, 2003 and shall not be subject to any tariffs filed by either Party, nor shall the rates, terms, and conditions of this Amendment be subject to any changes in law, including but not limited to federal or state court or agency decisions, regulatory requirements imposed by a federal or state agency, changes in federal or state statutory provisions, and any provisions with respect to changes in law set forth in an underlying interconnection agreement, except as expressly set forth in this Section 1.5.

2.0 Reservations of Rights

2.1 The Parties continue to disagree as to whether ISP calls constitute local traffic subject to Reciprocal Compensation obligations. By entering into this Amendment, neither party waives its right to advocate its view with respect to this issue. Similarly, the Parties agree that nothing in this Amendment or in the attached Rate Schedule shall be construed as an admission that ISP traffic is, or is not, local in nature. The Parties further agree that any payment to McLeodUSA under the terms of this Amendment shall not be construed as agreement or acquiescence by SBC-13STATE that calls to ISPs constitute local traffic subject to reciprocal compensation obligations. Notwithstanding the foregoing, the Parties agree that SBC-13STATE shall make payments for calls to ISPs to McLeodUSA pursuant to Sections 4, 5, and 6 herein during the term of this Amendment.

2.2 The Parties continue to disagree as to where points of interconnection (“POIs”) should be established and under what rates, terms, and conditions McLeodUSA may lease facilities from SBC-13STATE and/or its affiliates to establish such POIs. By entering into this Amendment, neither Party waives its right to advocate its view with respect to these issues. The Parties further agree that nothing in this Amendment shall be construed as an admission with respect to the proper establishment of POIs and the treatment of facilities used to establish such POIs under applicable federal and state law. The Parties further agree that the establishment of POIs pursuant to the rates, terms, and conditions specified in this Amendment shall not be construed as agreement or acquiescence by either Party as to the proper establishment of POIs and the treatment of facilities used to establish such POIs. Notwithstanding the foregoing, the Parties agree that McLeodUSA and SBC-13STATE and/or its affiliates shall establish POIs pursuant to the rates, terms, and conditions called for in Section 3 herein during the term of this Amendment.

3.0 Network Architecture Requirements

3.1 McLeodUSA will establish a physical point of interconnection (POI) in each mandatory local calling area in which it has assigned telephone numbers (NPA/NXXs) in the Local Exchange Routing Guide (LERG). Each Party shall be financially responsible for one hundred percent (100%) of the facilities, trunks, and equipment on its side of the POI.

- (a) In California and Illinois, the Parties agree that this section is satisfied if McLeodUSA (at its sole option) establishes a physical POI either:
 - (i) at each access or local tandem in which tandem serving area McLeodUSA has established a working telephone number local to a rate center in that tandem serving area, and each end office where McLeodUSA maintains a physical collocation arrangement (but only for those trunk groups associated with that end office); or
 - (ii) within 15.75 miles of the Vertical and Horizontal coordinate of each rate center where McLeodUSA has established a working telephone number local to that rate center.
- (b) In Connecticut, Indiana, Michigan, Nevada, Ohio, and Wisconsin, the Parties agree that this section is satisfied if, McLeodUSA (at its sole option) establishes a physical POI either:
 - (i) at each access or local tandem in which tandem serving area McLeodUSA has established a working telephone number local to a rate center in that tandem serving area, and each end office where McLeodUSA maintains a physical collocation arrangement (but only for those trunk groups associated with that end office); or

- (ii) within each mandatory local calling area where McLeodUSA has established a working telephone number local to a rate center in that calling area.
- (c) The Parties agree that the waiver contained in Section 1.5 with respect to changes in law does not apply to state commission-required changes in the geographic scope or definition of local calling areas. Where the local calling scope has changed, either party may exercise the right to renegotiate the number and location of POIs required under this Amendment. This provision shall not be interpreted to affect how the Parties agree to exchange, and compensate one another for, Virtual Foreign Exchange traffic (as defined herein) pursuant to Sections 4, 5, and 6 during the term of this Amendment.
- (d) McLeodUSA may, at its sole option, establish a physical POI by obtaining dedicated Special Access services or facilities from SBC-13STATE (without the need for McLeodUSA equipment, facilities, or collocation at the SBC offices), or services or facilities from a third party, by establishing collocation, by establishing a fiber meet, or by provisioning such services or facilities for itself.

3.2 Where McLeodUSA leases facilities from SBC-13STATE to establish a POI, McLeodUSA shall be required to begin paying SBC-13STATE for such facilities once the facilities are jointly tested and accepted at a trunk level.

3.3 McLeodUSA agrees to abide by SBC-13STATE's trunk engineering/administration guidelines as stated in the Interconnection Agreement, including the following:

3.3.1 When interconnecting at SBC-13STATE's digital End Offices, the Parties have a preference for use of B8ZS ESF two-way trunks for all traffic between their networks. Where available, such trunk equipment will be used for these Local Interconnection Trunk Groups. Where AMI trunks are used, either Party may request upgrade to B8ZS ESF when such equipment is available.

3.3.2 The Parties shall establish direct End Office primary high usage Local Interconnection trunk groups when end office traffic (actual or forecasted) requires twenty-four (24) or more trunks over three consecutive months for the exchange of IntraLATA Toll and Local traffic. These trunk groups will be two-way and will utilize Signaling System 7 ("SS7") signaling or MF protocol where required.

3.3.3 The Parties recognize that embedded one-way trunks may exist for Local/IntraLATA toll traffic via end point meet facilities. The parties agree the existing architecture may remain in place and be augmented for growth as needed. The parties may subsequently agree to a transition plan to migrate the embedded one-way trunks to two-way trunks via a method described in Appendix NIM. The Parties will coordinate any such migration, trunk group prioritization, and implementation schedule. SBC-13STATE agrees to develop a cutover plan and project manage the cutovers with CLEC participation and agreement.

3.4 Subject to Section 3.7, in order to qualify for receipt of reciprocal compensation in a given tandem serving area as provided in this amendment, McLeodUSA will achieve and maintain a network architecture within that tandem serving area such that Direct End Office Trunking (DEOT) does not fall below 70% for two consecutive months.

3.5 McLeodUSA will have six (6) months (or such other period as may be agreed to by the Parties) from the effective date of this Amendment to achieve the POI and DEOT criteria identified in sections 3.1 and 3.4 in LATAs in which McLeodUSA is providing service as of the date of execution of this Amendment.

3.6 For new interconnections, McLeodUSA will achieve the DEOT criteria identified in section 3.4 no later than six (6) months (or such other period as may be agreed to by the Parties) after the parties first exchange traffic for each new interconnection arrangement.

3.7 Under any circumstances, McLeodUSA will not be penalized for non-compliance with the applicable POI and DEOT criteria specified herein during the transition periods identified in Sections 3.5 and 3.6. Furthermore, McLeodUSA will not be penalized for non-compliance with the POI and DEOT criteria specified herein at any time thereafter if such non-compliance results from SBC-13STATE's inability to provide staffing, collocation space, trunking, or facilities necessary to satisfy the transition or from SBC-13STATE's failure to perform required network administration activities (including provisioning, activation, and translations), regardless of whether SBC-13STATE's inability or failure to perform is related to a Force Majeure event as that term is described in the contract.

3.7.1 Establishing a New POI in an Existing Local Calling Area (or other applicable serving area in California, Nevada, Connecticut, and Ameritech territory) where McLeodUSA provides service as of the date of execution of this Amendment. McLeodUSA will notify SBC-13STATE of its intention to establish a new POI in an existing local calling area (or other applicable serving area in California, Nevada, Connecticut, and Ameritech territory) no later than 90 days prior to the end of the transition period by letter to the SBC Account Manager and project manager for McLeodUSA. McLeodUSA and SBC will meet within 10 business days of such notice to plan the transition to any new POI. This notice and subsequent meeting are intended to give both parties adequate time to plan, issue orders, and implement the orders in the transition period under Sections 3.5 and 3.6. Nothing in this paragraph specifically or this Amendment generally shall prevent McLeodUSA from ordering, or excuse SBC-13STATE from provisioning, trunks with respect to an existing POI for new growth or augments during the time that a new POI is being established.

3.7.2 Establishing a POI in a New Local Calling Area (or other applicable serving area in California, Nevada, Connecticut, and Ameritech territory) where McLeodUSA does not provide service as of the date of execution of this Amendment. McLeodUSA will notify its SBC-13STATE Account Manager no later than 90 days prior to the LERG effective date for the new NPA-NXXs it wishes to activate. Joint planning meetings for the new POI will be held within 10 business days of SBC-13STATE's receipt of such notification. The outcome of the joint planning meeting will be orders for facilities and trunks for the new POI to complete the establishment of the POI as

promptly as possible, and in any event, by the LERG effective date for the new NPA-NXX. The POI must be established in the applicable Local Calling Area (or other applicable serving area in California, Nevada, Connecticut, and Ameritech territory) prior to the exchange of live traffic.

3.8 At any time as a result of either Party's own capacity management assessment, the Parties may begin the provisioning process. The intervals used for the provisioning process will be the same as those used for SBC-13STATE's Switched Access service.

3.9 The movement of existing trunks to new POIs, either on a rollover basis or a disconnect and add basis, will not be counted against any limitations otherwise placed on McLeodUSA's ability to order and receive trunks in any given market.

3.10 In a blocking situation, McLeodUSA may escalate to its SBC-13STATE Account Manager in order to request a shorter interval. The SBC-13STATE Account Manager will obtain the details of the request and will work directly with the SBC-13STATE LSC and network organizations in order to determine if McLeodUSA's requested interval, or a reduced interval, can be met.

4.0 Compensable Traffic:

4.1 If McLeodUSA designates different rating and routing points such that traffic that originates in one rate center terminates to a routing point designated by McLeodUSA in a rate center that is not local to the calling party even though the called NXX is local to the calling party, such traffic ("Virtual Foreign Exchange" traffic) shall be rated in reference to the rate centers associated with the NXX prefixes of the calling and called parties' numbers, and treated as Local traffic for purposes of compensation. Where McLeodUSA has established a POI pursuant to Section 3.1 of this Amendment within the transition periods identified in Sections 3.5 and 3.6, McLeodUSA shall not be subject to any charges (including but not limited to switching and facilities charges) for the origination of Virtual Foreign Exchange traffic by SBC-13STATE with respect to that specific local calling area, or other serving area as applicable in California, Nevada, Connecticut, Illinois, Indiana, Michigan, Ohio, and Wisconsin during the term of this Amendment. Should McLeodUSA fail to establish a POI with respect to a specific local calling area or other serving area as applicable during the transition periods, it shall not be subject to any charges for the origination of Virtual Foreign Exchange traffic with respect to that local calling area or serving area once it has established the relevant POI.

4.2 Local, Virtual Foreign Exchange, Mandatory Local and Optional EAS traffic eligible for reciprocal compensation will be combined with traffic terminated to Internet Service Providers (ISPs) to determine the total Compensable Local Traffic and the balance of traffic between the Parties.

4.2.1 In determining the total Compensable Local Traffic, InterLATA toll and IXC-carried intraLATA toll are excluded, and will be subject to Meet Point Billing as outlined in the interconnection agreement and applicable tariffs.

4.2.2 The rates for the termination of intraLATA toll and Originating 8YY traffic are governed by the parties' switched access tariffs.

4.2.3 In determining the total Compensable Local Traffic, SBC-13STATE transited minutes of use (MOUs) will be excluded from these calculations.

4.2.4 The rates for SBC-13STATE transited MOUs will be governed by the interconnection agreement.

4.3 Subject to applicable confidentiality guidelines, SBC-13STATE and McLeodUSA will cooperate to identify toll and transiting traffic; originators of such toll and transiting traffic; and information useful for settlement purposes with such toll and transit traffic originators.

4.3.1 SBC-13STATE and McLeodUSA agree to explore additional options for management and accounting of toll and transit traffic, including, but not limited to the exchange of additional signaling/call-related information in addition to Calling Party Number.

4.3.2 The Parties agree to explore additional options for management and accounting of the jurisdictional nature of traffic exchanged between their networks.

4.4 The compensation structure and rates set forth in this Amendment shall apply symmetrically for traffic terminated on either party's network.

5.0 Treatment of In-Balance traffic:

5.1 Compensable Local Traffic volume each month below a terminating/originating ratio of 3:1 will be compensated at a blended rate consisting of the applicable State-approved TELRIC rates for End Office Local Switching (70% weighting) and Tandem Transport (30% weighting).

5.2 The applicable rates for each state are specified in the Attachment to this Amendment.

6.0 Treatment of Out-of-Balance traffic:

6.1 Compensable Local Traffic volume each month exceeding a terminating/originating ratio of 3:1 is considered Out of Balance traffic. Out of Balance traffic shall be compensated at an initial starting rate, and then transitioned to the State-approved tandem switching-only rate per minute of use in effect as of the date of execution of this Amendment. For the portion of Compensable Local Traffic volume each month below the 3:1 ratio, such traffic shall be compensated pursuant to Sections 5.1 and 5.2.6.2. The applicable rates in each state for each year of the Agreement are specified in the Attachment to this Amendment.

7.0 This Amendment contains provisions that have been negotiated as part of an entire agreement and integrated with each other in such a manner that each provision is material to every other provision. The Parties recognize and agree that the attached rate schedule applies to specified periods of time over the course of the full, three-year term of this Amendment, and is intended to be date-specific. The Parties stipulate that they would not have mutually agreed to

this entire Amendment if a third party carrier could later opt into this contract under section 252(i) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996 ("Act"), and enjoy higher rates than are in effect at that point in the rate schedule.

7.1 The Parties agree that each and every rate, term and condition of this Amendment is legitimately related to, and conditioned on, and in consideration for, every other rate, term and condition herein, including without limitation, the rates listed in the attached rate schedule, which are a complete package of interrelated and averaged rates across all 13 states, and the interconnection and trunking terms, which are interrelated to the rates and network architectures described herein.

7.2 The Parties agree that they would not have agreed to this Amendment except for the fact that it was entered into on a 13-State basis and included the totality of rates, terms and conditions listed herein.

8.0 By entering into this Amendment, subject to Sections 1.5, 2.0 and 4.1, SBC-13STATE neither agrees that is obligated to permit, nor waives its rights to contend that it is not obligated to permit, its tandem switching and common transport facilities to be used without compensation for the carriage of Virtual Foreign Exchange traffic.

9.0 The Parties reserve the right to raise the matter of the appropriate treatment of Voice Over Internet Protocol (VOIP) under the Dispute Resolution provisions in this or any future Interconnection Agreements between the parties through May 31, 2003. The Parties further agree that this Amendment shall not be construed against either party as a "meeting of the minds" that VOIP traffic is or is not local traffic subject to reciprocal compensation. By entering into the Amendment, both Parties reserve the right to advocate their respective positions before state or federal commissions whether in bilateral complaint dockets, arbitration under sec. 252 of the Act, commission established rulemaking dockets, or in any legal challenges stemming from such proceedings.

10.0 Except as specifically modified by this Amendment with respect to their mutual obligations herein and subject to Section 1.5, neither Party relinquishes, and each Party instead fully reserves, any and all legal rights that it had, has and may have to assert any position with respect to any of the matters set forth herein before any state or federal administrative, legislative, judicial or other legal body.

11.0 This Amendment is the joint work product of the Parties and has been negotiated by the Parties and their respective counsel and shall be fairly interpreted in accordance with its terms and, in the event of any ambiguities, no inferences shall be drawn against either Party.

12.0 The terms contained in this Amendment and its Attachment, which are incorporated into this Amendment by this reference, constitute the entire Amendment to this Interconnection Agreement, and shall be interpreted solely in accordance with their own terms.

13.0 The headings of certain sections of this Amendment are for convenience of reference only, and shall in no way define, modify or restrict the meaning or interpretation of the terms or provisions of this Amendment.

14.0 This Amendment may be executed in any number of counterparts, each of which shall be deemed an original; but such counterparts shall together constitute one and the same instrument.

15.0 The Effective Date of this Amendment is April 1, 2001.

McLeodUSA Telecommunications Services, Inc., on its own behalf and on behalf of the following subsidiaries which still exist, and including as it operates under interconnection agreements bearing the following names: QST Communications Inc., Consolidated Communications Telecom, Inc., BRE Communications, L.L.C. (d/b/a Phone Michigan), OCI of Wisconsin, Inc., and Caprock Communications, Corp.

Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporate, Michigan Bell Telephone Company, The Ohio Bell Telephone Company, and Wisconsin Bell Inc. d/b/a Ameritech Wisconsin, Nevada Bell Telephone Company, Pacific Bell Telephone Company, The Southern New England Telephone Company, Southwestern Bell Telephone Company by SBC Telecommunications, Inc., its authorized agent

Signature: _____

Signature: _____

Name: David R. Conn
(Print or Type)

Name: _____

Title: Deputy General Counsel and VP
(Print or Type)

Title: President - Industry Markets

Date: _____

Date: _____

AECN/OCN: _____